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Handwritten Notes for Minsky's PhD Thesis titled Summation of Theory Part 1

Hyman P. Minsky Ph.D.

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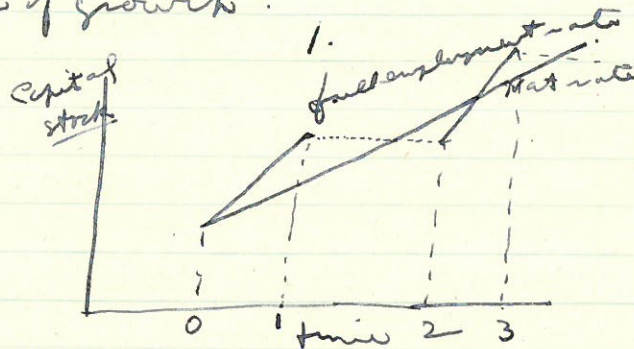
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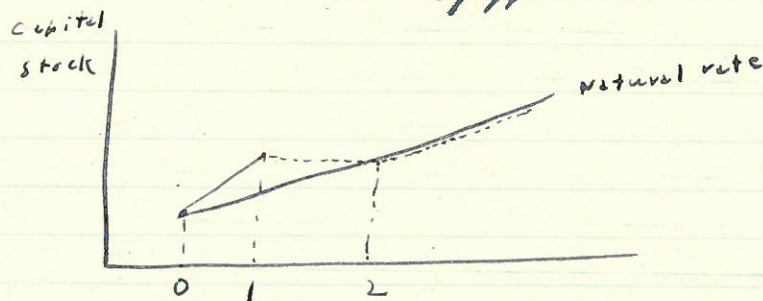
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of no net increases in plant will result, until such time as the natural growth of the effective labor force will overtake the expanded demand plant, restoring the essential homogeneity between capital and labor. Then net investment can be resumed but if the full employment rate of growth is ^{significantly} greater than the natural rate of growth, then the long run condition will be of periods of unemployment, and no net investment to compensate for the periods of growth at the full employment rate so that the long run rate of growth will be equal to the natural rate of growth.



In the diagram: period 0-1 prosperity, 1, 2 depression and period 2 to 3 prosperity again.

An alternative hypothesis -



In diagram 2 - at period 0-1 prosperity, 1-2 depression, 2 is underemployment equilibrium

A guaranteed either minimum absolute or rate of growth of consumption would act to shorten a period such as 1-2 in diagram 1 above - A consumption guarantee is a state setting device by means of which the extreme collapse of the economy can be prevented.